

MINUTES OF REGULAR MEETING OF THE COMMISSION
OF PUBLIC UTILITY DISTRICT NO. 1 OF CHELAN COUNTY, WASHINGTON

July 13, 2009

The regular meeting of the Commission of Public Utility District No. 1 of Chelan County, Washington, was held in the office of the District, 327 North Wenatchee Avenue, Wenatchee, Washington, on July 13, 2009, at the hour of 1:00 p.m., pursuant to proper notice thereof.

Commissioners present were Ann Congdon, Dennis Bolz, Carnan Bergren and Norm Gutzwiler. Commissioner Randy Smith was excused. In attendance were General Manager Rich Riazzi, General Counsel Carol Wardell and Clerk of the Board Sheila Salmon. Various staff members were also in attendance.

Others in attendance: Christine Pratt (Wenatchee World).

Deputy Director Bill Larson led the Pledge of Allegiance and provided a safety minute

President Congdon presented the Consent Agenda Items for adoption. She asked if any item on the Consent Agenda should be transferred to the Regular Agenda for further review. No items were requested to be transferred to the regular Agenda. President Congdon presented the Consent Agenda items for adoption as follows:

The minutes of the regular meeting held on June 29, 2009 were presented for approval.

The Auditor's memorandum, dated July 7, 2009, supporting documentation and the District's Computer Report, which certify, pursuant to RCW 42.24.080, that the District received certain goods, services and other considerations specified therein and described as follows were presented for approval:

1. Claims certified by the Auditor for payment and authorization for the Auditor to issue warrants payable by the Treasurer for services, goods and other considerations received by the District in the total amount of \$30,112,274.54;
2. Approval of Customer Deposit Returns payment dated July 7, 2009 in the amount of \$473.78;
3. Approval of the net Payrolls, Warrant Nos. 222530 through 222642 and Advice Nos. 494687 through 495377 for the period ending 6/26/2009 in the amount of \$1,648,801.48;
4. Charge-Offs to uncollectible accounts for June 2009 in the amount of \$13,846.81.

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Motion was made by Commissioner Gutzwiler, seconded by Commissioner Bergren and carried adopting the Consent Agenda consisting of the minutes of the regular meeting held on June 29, 2009 and the above listed vouchers, which are on file in the offices of the District.

Next, Commissioners considered the matters listed in the Regular Agenda.

RESOLUTION NO. 09-13478 APPROVING FIELD WORK ORDER NOS. 3 THROUGH 6 TO THE LAKE CHELAN HYDRO MODERNIZATION (BID NO. 06-01)

Treasurer Debbie Litchfield presented the 2009 Plan of Finance (see www.chelanpud.org) and the following resolutions:

RESOLUTION NO. 09-13479 CREATING A PLAN OF FINANCING THE ACQUISITION AND CONSTRUCTION OF AND CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO AND RENEWALS, REPLACEMENTS AND EXTENSIONS OF THE DISTRICT'S ROCKY REACH SYSTEM; AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$18,000,000 AGGREGATE PRINCIPAL AMOUNT OF ROCKY REACH HYDRO-ELECTRIC SYSTEM REVENUE BONDS, SERIES 2009A (NON-AMT) FOR THE PURPOSE OF PAYING THE COST AND EXPENSE OF CARRYING OUT THAT PLAN; PROVIDING THE TERMS OF THE 2009A BONDS; ESTABLISHING CERTAIN FUNDS AND ACCOUNTS; APPROVING THE EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS AND AGREEMENTS; AND PROVIDING FOR CERTAIN OTHER MATTERS RELATED THERETO

RESOLUTION NO. 09-13480 CREATING A PLAN OF FINANCING THE ACQUISITION AND CONSTRUCTION OF, AND CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO, AND RENEWALS, REPLACEMENTS AND EXTENSIONS OF THE DISTRICT'S ROCK ISLAND SYSTEM; AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$16,000,000 AGGREGATE PRINCIPAL AMOUNT OF ROCK ISLAND HYDRO-ELECTRIC SYSTEM REVENUE BONDS, SERIES 2009A (NON-AMT) FOR THE PURPOSE OF PAYING THE COST AND EXPENSE OF CARRYING OUT THAT PLAN; PROVIDING THE TERMS OF THE 2009A BONDS; ESTABLISHING CERTAIN FUNDS AND ACCOUNTS; APPROVING THE EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS AND AGREEMENTS; AND PROVIDING FOR CERTAIN OTHER MATTERS RELATED THERETO

RESOLUTION NO. 09-13481 CREATING A PLAN OF FINANCING THE ACQUISITION AND CONSTRUCTION OF AND CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO AND RENEWALS, REPLACEMENTS

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AND EXTENSIONS OF THE DISTRICT'S CONSOLIDATED SYSTEM; AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$37,000,000 COMBINED AGGREGATE PRINCIPAL AMOUNT OF CONSOLIDATED SYSTEM REVENUE BONDS, SERIES 2009C (NON-AMT) AND CONSOLIDATED SYSTEM REVENUE BONDS, SERIES 2009D (TAXABLE) FOR THE PURPOSE OF PAYING THE COST AND EXPENSE OF CARRYING OUT THAT PLAN; PROVIDING THE TERMS OF THE 2009C BONDS AND THE 2009D BONDS; ESTABLISHING CERTAIN FUNDS AND ACCOUNTS; APPROVING THE EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS AND AGREEMENTS; AND PROVIDING FOR CERTAIN OTHER MATTERS RELATED THERETO

A motion was made by Commissioner Bolz, seconded by Commissioner Gutzwiler and carried adopting Resolution Nos. 09-13478 through 09-13481, which are on file in the offices of the District.

Next, Commissioners reported on the various meetings each attended during the weeks of June 15, 2009 and June 22, 2009.

General Manager Rich Riazzi updated the Commission on the District's activities pertaining to stimulus funding opportunities. The telecom funding available specifies a minimum match of 20% to approximately 50% in monetary amounts by the District. It would be a challenge to cover the cost of expanding the fiber system along with increases in O&M commensurate with the debt service even with some of the stimulus dollars. After full consideration, it was determined that it was not in the best interest of the District to pursue the telecom stimulus funding. The District did express interest in participating with Bonneville Power Administration (BPA) in apply for funding of smart grid technology development. The District's proposal to BPA was rejected for being too small of a program. General Manager Riazzi told Commissioners that the conservation related funding offers the best value for the District and its customers. Staff will limit any pursuit of stimulus funds to the conservation-related funding which will be administered by the State of Washington through existing local agencies like the Community Action Council.

Chief Financial/Risk (CFO) Officer John Janney reported that Fitch Ratings assigned an 'AA+' rating to the District. (See www.chelanpud.org for Fitch Rates handout). The handout stated that the rating is supported by low cost hydroelectric power resources; strengthened financial targets; completion of a comprehensive strategic business plan; and more favorable new hydropower sales contracts. The report also stated that the District's Stable Rating Outlook reflects Fitch's belief that the Board will take appropriate rate actions to maintain the financial strength of the Distribution system during next few years of financial challenges for the District.

Next, CFO Janney presented the 2009 forecast updated as of July 9, 2009. (See www.chelanpud.org for handout). Net wholesale sales are below forecast of \$28,800,000;

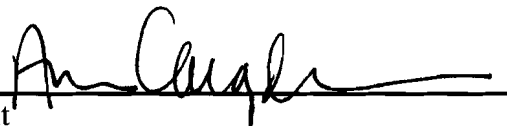
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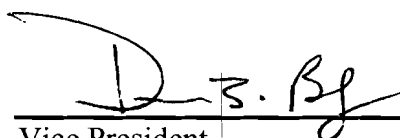
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currently at \$28,400,000. Utility change net assets before CIAS is currently at the forecasted amount of (\$18,700,000).

There being no further business, the meeting adjourned at 1:40 p.m.



President

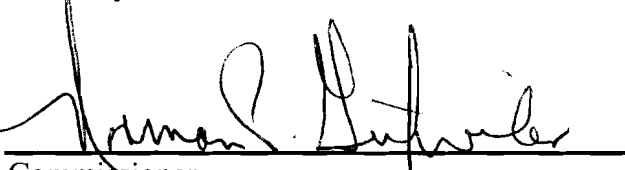


Vice President

Secretary



Commissioner



Commissioner